31 January 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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25X1	CENTRAL INTELLIGENCE BULLETIN			
	31 January 1959 DAILY BRIEF			
25X1	I. THE COMMUNIST BLOC			
Yugoslavia-USSR: Belgrade apparently no longer feels that Khrushchev might act to moderate the bloc-Yugoslav dispute. In response to his statements about Yugoslavia at the party congress, the Yugoslavs have launched the most severe personal attacks against Khrushchev since the dispute was renewed last spring.				

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	II. ASIA-AFRICA *Taiwan Strait situation: The Chinese Nationalists have
	informed American officials on Taiwan that orders have been issued for the interception of Chinese Communist shipping in the Taiwan Strait from just north of Matsu to just south of Chinmen. Such action was common prior to last fall but was discontinued shortly after the beginning of the offshore island crisis. If the Nationalists carry out their intentions, the Chinese Communists would probably retaliate by shelling Chinmen heavily and engaging any Nationalist naval craft operating inside the 12-mile limit.
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	31 Jan 59 DAILY BRIEF ii 2

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Yugoslavs Lash Back at Khrushchev

In retaliation for Khrushchev's anti-Yugoslav remarks at the Soviet 21st party congress, the Yugoslav party's daily, Borba, on 30 January published the strongest attack Belgrade has made on him since the Yugoslav-bloc dispute was renewed last spring. The Yugoslavs appear finally to have given up any hope they may have had that Khrushchev might be inclined to moderate the bloc's attitude toward Yugoslavia.

Borba emphasized that Khrushchev had interfered in Yugo-slavia's internal affairs, an accusation which the Kremlin has tried to avoid since the renewal of the dispute. Yugoslav executive committee member Djuro Pucar, in a speech to a meeting of the Yugoslav Federation of Student Organizations, accused Khrushchev personally of reviving Stalin's tactics. Yugoslav Foreign Ministry spokesman Drago Kunc, in his 30 January press conference, joined the chorus, stating that Khrushchev's simultaneous attack on both the foreign and domestic policies of Yugoslavia leaves little room for the cooperation he says he desires.

The Yugoslavs say they are being attacked because Yugoslav workers are better off than any others in the Communist world and because the Russians don't want to admit that they
are in many ways copying Yugoslav experience.

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II. ASIA-AFRICA

Taiwan Strait Situation			
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Admiral Liang Hsu-chao, commander in chief of the Chinese Nationalist Navy, informed American officials on 30 January that he has received orders from the Nationalist Ministry of Defense to intercept Chinese Communist shipping in the Taiwan Strait from just north of Matsu to just south of Chinmen. There is no indication that British shipping is included in the order.

If the Nationalists carry out this plan, it is likely that the northern and southern patrol forces in the vicinity of the Matsus and the Chinmens will be utilized. Similar harassment in the past has been employed particularly against Communist small craft moving in and out of the Min River estuary near the Matsus. Shortly after the offshore island crisis began last August, however, this type of activity was discontinued. Most sweeps in the past have been conducted by light patrol craft. If the Nationalists use their destroyers, Communist reaction could be more severe.

In the past the Nationalists have sought to present a "victory" to the public at the time of the Chinese New Year, in early February. They may also want to keep US and world attention focused on the Taiwan Strait problem.

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Japan Precipitates New Crisis With South Korea

A Japanese cabinet decision, announced by Foreign Minister Fujiyama on 30 January, to allow Korean residents in Japan to leave for North Korea almost certainly will cause South Korean President Syngman Rhee to terminate present negotiations with Japan. South Korea's minister in Tokyo already has stated that the decision is "tantamount to breaking off current normalization talks."

South Korea may also step up its seizures of Japanese fishing vessels operating in the vicinity of the "Rhee line" and may instigate demonstrations in South Korea which could serve to divert foreign and domestic attention from the controversy over the recently passed National Security Law.

The repatriation issue has been a major obstacle in the Tokyo-Seoul talks. Despite South Korean objections, Japanese officials long have asserted that "voluntary repatriation" is a "humanitarian" principle which they cannot oppose. The Kishi government may have felt that it could be attacked domestically for yielding to the South Korean viewpoint, while the public is not likely to react strongly to the suspension of negotiations which were considered to have little promise in any event.

Korean leftists in Japan claim that 100,000 of the 600,000 Korean residents would accept repatriation to North Korea, but this estimate seems grossly exaggerated. The North Korean Government has issued a standing offer to provide transportation and guarantee a livelihood for all such returnees.

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The Secretary of State

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The Under Secretary of State for Economic Affairs

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